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## OFFICE OF THE ALBANY CITY TREASURER

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**DATE:** October 22, 2019

**TO:** Hon. Kathy M. Sheehan  
Members of the Common Council

**FROM:** Hon. Darius Shahinfar

**CC:** Rachel McEneny, Mike Wheeler

**RE:** 3rd quarter 2019 Performance

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The following is a summary of the unaudited results for the 3rd Quarter 2019. Overall, fiscal performance was stable and within budgetary expectations for 2019, with the exception of expenditures related to the overtime.

Revenue in the third quarter of 2019 totaled almost \$144.9 million which was an increase of 8% or slightly more than \$11.0M from last year at this time (most of this increase is related to billing the second half of the NYS 19a PILOT in July compared to October last year). Expenses totaled slightly more than \$128.7M which was a decrease of 0.1% compared to 2018 (including the amount used from the debt reserve last year).

### REVENUE (Thousands)

	SEPT	SEPT		%	SEPT	Annual		%
REVENUE	YTD 19	YTD 18	Variance		YTD 19	Budget	Variance	Budget
PROPERTY TAX	58,496	58,292	204	0%	58,496	58,250	246	100%
SALES/USE TAX	27,357	26,380	977	4%	27,357	34,594	(7,237)	79%
PILOTS/19-a	20,673	11,726	8,947	76%	20,673	19,675	998	105%
OTHER LOCAL SOURCES	1,673	1,776	(103)	-6%	1,673	3,092	(1,419)	54%
LANDFILL	5,898	4,638	1,260	27%	5,898	6,030	(132)	98%
OTHER DEPARTMENTS	5,090	4,373	717	16%	5,090	6,948	(1,858)	73%
INTER GOVERNMENT	506	315	191	61%	506	532	(26)	95%
FINES	3,407	3,764	(357)	-9%	3,407	5,347	(1,940)	64%
LICENSES AND PERMITS	3,357	3,192	165	5%	3,357	4,378	(1,021)	77%
STATE AID	14,765	14,493	272	2%	14,765	29,479	(14,714)	50%
SALE P/COMP/LOSS	1,160	178	982	552%	1,160	395	765	294%
MISCELLANEOUS	2,431	3,691	(1,260)	-34%	2,431	8,647	(6,216)	28%
OTHER	106	56	50	89%	106	1,597	(1,491)	7%
DEBT RESERVE	0	1,000	(1,000)	100%	0	1,000	(1,000)	0%
TOTAL REVENUE	144,919	133,874	11,045	8%	144,919	179,964	(35,045)	81%

The chart above summarizes the City's sources of revenue through September 30, 2019.

1. **Property Tax revenue** increased by \$204K from last year and is at 100% of budget at the end of the third quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** the third quarter sales tax revenue was 4% higher than last year totaled almost \$27.4M and is exceeding budget at 79% for the year. This is a positive sign indicating the possibility of another over-budget year.
3. **PILOTS/19-a revenue** was higher than the same period last year. Most of the increase is due to billing the State for the second installment of the 19-a PILOT payments in July this year compared to October last year.
4. **Other Local sources revenue** decreased from the third quarter of 2018. There was a slight decrease in Utility Gross Receipts (\$22K), OTB receipts decreased (\$24K) and penalties on property taxes decreased (\$52K).
5. **Landfill revenue** increased 27% compared to the same period last year. Tipping fees increased by almost (\$1.1M) from commercial customers and government customers and coupon sales increase by (\$352K). The sale of methane gas decreased by (\$87K). Revenue is higher than budget for the year at 98%.
6. **Other Departmental revenue** was 16% (\$717K) higher than last year at this time. Most of the increase is the result of billing the waste collection fees which were \$944K more than last year. APD Event Security revenue decreased by almost \$149K.
7. **Inter-government revenue** increased by 61% (\$191K) from the same period last year. Most of the increase is related to an increase in interest rates on cash balances.
8. **Fines and Forfeitures revenue** decreased by 9% (\$357K) from last year. Most of the decrease is due to not having the June parking ticket revenue numbers by the time this report was prepared.
9. **Licenses and Permits revenue** increased 5% (\$165K) compared to the same period last year. Plumbing permit fees increased (\$58K), safety inspection permits revenue increased (\$16K), street opening permits increased (\$117K), occupational licenses increased (\$18K) and electrical permits increased (\$37K). While stabilization and demolition fees decreased (\$44K) and taxi medallions decreased (\$28K).

10. **State aid** – Increased 2% (\$272K) by the end of the quarter. The majority of the increase is related to an increase in mortgage tax revenue which increased by (\$106K) and a police department GIVE grant which increased by (\$187K) from 2018. Most of this revenue in this category is derived from state grants and various state payments. The timing of these payments varies from year to year. With the increases in mortgage taxes as well as building fees, it is an indication of increased property sales and property improvements.
11. **Sales of Property and Insurance recoveries revenue** increased 552% (\$982K) compared to the same period last year. Most of the increase (\$839K) is related to the sale of the Coeymans property.
12. **Miscellaneous revenue** decreased 34% (\$1.3M) compared to the same time last year. This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA. Refund of prior year expenses are made up of fees and charges from last year that are included on the property tax bills. These charges can vary from year to year and adjustments for these charges can vary.
13. **Other revenue** increased by (\$50K) compared to the same period last year. The increase is related a police department US DOJ COPS – LEAD grant. Most of this revenue is derived from federal government grants and the timing of these payments varies from one year to the next.

## DISBURSEMENTS

Category/Account	SEPT YTD 19	SEPT YTD 18	Variance	%	Annual Budget	Variance	%
Personal Benefits	58,781,930	57,512,964	1,268,966	2.2%	77,916,112	(19,134,182)	75%
Fringe Benefits	26,389,178	25,385,244	1,003,934	4.0%	36,016,649	(9,627,471)	73%
Retirement including est.	10,506,557	10,514,014	(7,457)	-0.1%	14,312,840	(3,806,283)	73%
Total Benefits	36,895,735	35,899,258	996,477	2.8%	50,329,489	(13,433,754)	73%
Use of Debt Reserve	0	1,000,000	(1,000,000)	-100.0%	1,000,000	(1,000,000)	0%
Non-Personal Service	33,054,543	35,437,185	(2,382,642)	-6.7%	50,718,000	(17,663,457)	65%
Total	128,732,208	129,849,408	(117,200)	-0.1%	178,963,601	(50,231,393)	72%
Number of weeks in period	39	39	0		52		75%

**Total disbursements decreased by \$117K or 0.1% compared to the same period last year.** Spending was up in Personal Benefits (\$1.3M) and in Fringe Benefits (\$996K) while Non-Personal Services decreased (\$2.4M) from 2018. However, overall Personal Service costs are currently at budget for 2019 while Fringe Benefits and Non-Personal Services are below budget. Overall expenses are below budget through the third quarter.

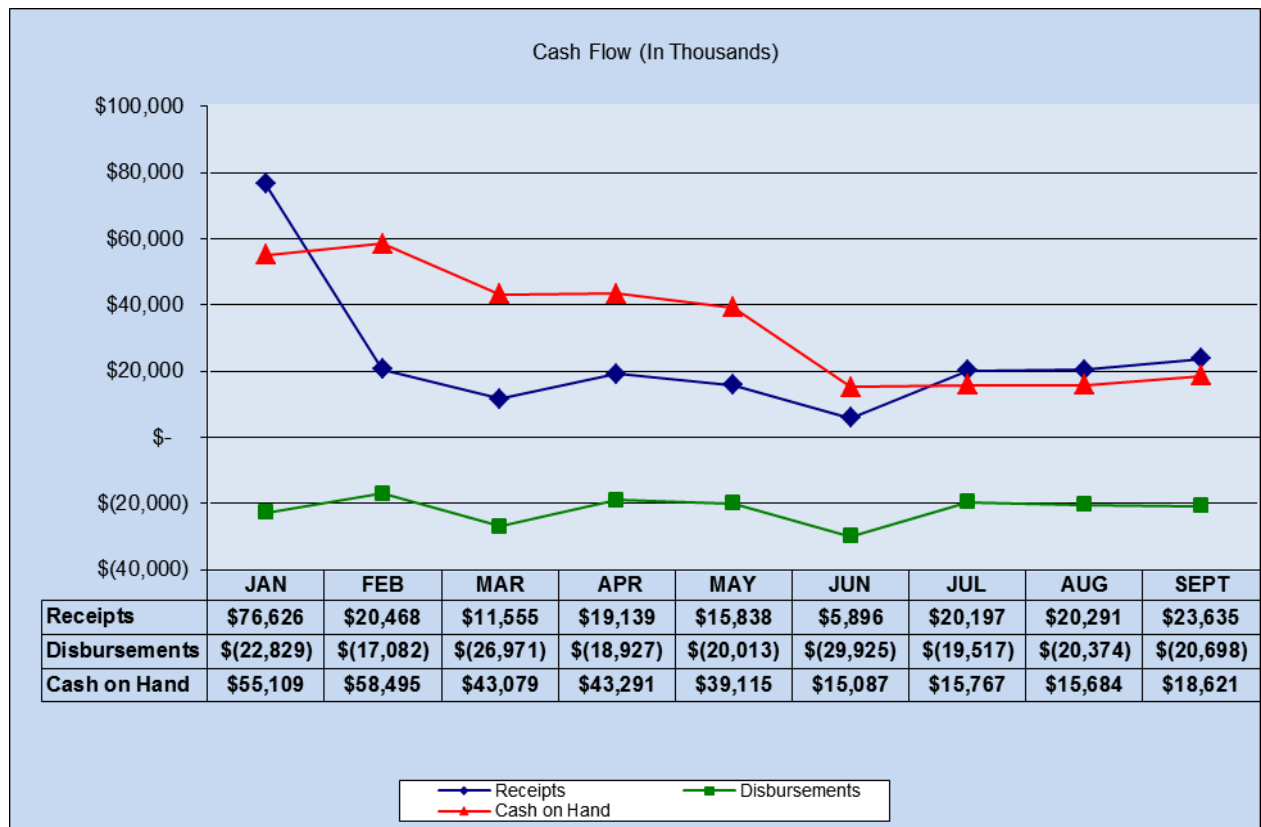
1. **Salary expense increased by 2.2% or almost \$1.3M** compared to the same period last year and was at budget at 75%. Increases in the Fire Department salary and related expenses were responsible for most of the increase in this category. The Fire Department code enforcement stipend payments were (\$177K) more than the 3<sup>rd</sup> quarter last year and accumulated sick leave pay increased (\$331K). This category also includes overtime expenses which ended the quarter more than (\$764K) higher than in 2018.
2. **Benefits Expenses increased by 2.8% or (\$996K)** from the third quarter of last year but was below budget for the quarter at 73%. The third quarter saw increases in retiree health insurance of almost (\$1.4M), while employee health insurance decreased (\$16K) and worker's compensation expenses decreased (\$263K).
3. **Non-Personal Service spending decreased by 6.7% or almost \$2.4M.** Not including encumbrances this category was 69% of budget by the end of this quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. Most of the decrease in this category is related a decrease in debt expense of (\$2.4M) from paying off the 2012 and the 2015 refunding bonds in 2018.
4. **Encumbrances (funds reserved for purchases) increased by \$303K** compared to the same period last year. Encumbrances total slightly more than \$4.1M at the end of the third quarter.

## OVERTIME

Department	2019	2018	Change	%	2019	Budget	% of Budget
Police (non-reimbursable)	4,100,486	3,884,222	216,264	6%	4,100,486	4,195,090	98%
Fire	1,004,895	671,114	333,781	50%	1,004,895	439,000	229%
Communications	361,321	248,468	112,853	45%	361,321	225,000	161%
Parks Maintenance	181,565	165,902	15,663	9%	181,565	185,000	98%
Waste Collection	271,477	179,336	92,141	51%	271,477	225,000	121%
Landfill	92,230	111,617	(19,387)	-17%	92,230	150,000	61%
Central Maint.	35,617	45,432	(9,815)	-22%	35,617	70,000	51%
Street Maintenance	296,323	302,021	(5,698)	-2%	296,323	270,000	110%
Recreation	12,291	10,099	2,192	22%	12,291	12,000	102%
Traffic Engineering	32,843	27,969	4,874	17%	32,843	40,000	82%
Capital Hills	20,286	14,006	6,280	45%	20,286	26,000	78%
Fleet Maintenance	23,322	16,321	7,001	43%	23,322	25,000	93%
Bleeker / Facility Operations	125	210	(85)	-40%	125	500	25%
Buildings	101,598	91,985	9,613	10%	101,598	92,400	110%
DGS Administration	2,747	694	2,053	296%	2,747	3,104	88%
Control of Animals	10,769	13,105	(2,336)	-18%	10,769	12,000	90%
Cultural Affairs	7,123	8,362	(1,239)	-15%	7,123	12,000	59%
<b>General Fund</b>	<b>6,555,018</b>	<b>5,790,863</b>	<b>764,155</b>	<b>13%</b>	<b>6,555,018</b>	<b>5,982,094</b>	<b>110%</b>
Police (reimbursable)	1,059,494	1,035,937	23,557	2%	1,059,494	1,250,000	85%
Fire (reimbursable)	0	0	0	0%	0	110,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	500	0%
<b>Water</b>	<b>373,788</b>	<b>418,530</b>	<b>(44,742)</b>	<b>-11%</b>	<b>373,788</b>	<b>502,250</b>	<b>74%</b>
<b>Totals</b>	<b>7,988,300</b>	<b>7,245,330</b>	<b>742,970</b>	<b>10%</b>	<b>7,988,300</b>	<b>7,844,844</b>	<b>102%</b>

**General Fund overtime was over budget (110%) at the end of the third quarter.** Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 13% (\$764K) higher than the same period last year. OT is consistently the largest over-budget expense. The Fire department had the biggest increase in overtime payments which were up by almost \$334K and over budget at 229%. The majority of departments have higher overtime expenses this year than last year, but the over-budget OT costs are largely offset by vacancy savings, demonstrated by the fact that the City is at 75% of personnel service costs with 75% of the year complete.

## CASH



**The City's cash position was as forecasted (\$18.6M) and 40% (\$7.4M) more than the same period last year.** Most of the increase is the result of an increase in the amount transferred to City from the AWB to pay expenses related to the long term control plan.

## CONCLUSION

**Thus far, there are no major surprises for 2019, as the City is largely moving forward as expected financially.** Although the City saw an increase in overall revenue in the third quarter compared to 2018, most of this increase (\$7.7M) is related to billing the State for the second installment of the 19-a PILOT. Even though there were increases in personal and fringe benefit expenses overall expenses were down slightly in the third quarter of 2019 compared to last year, mostly as the result of paying off some of the refunding bonds. **It is imperative to remember, that without the Capital City Funding, the City would be in dire financial straits.** Therefore, the City must continue to

watch expenses closely and try to control them as much as possible, while continuing to push for revenue increases where it can locally, and at the State level, where a permanent solution for the revenue gap caused by tax exempt properties must be found.